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Do consumers understand thread count?
Adult games no longer trivial

Chain Store Age

GENERAL MERCHANDISE TRENDS AUGUST 1986

ADG UNDER ATTACK

WILL VENDORS BE THE REAL LOSERS?

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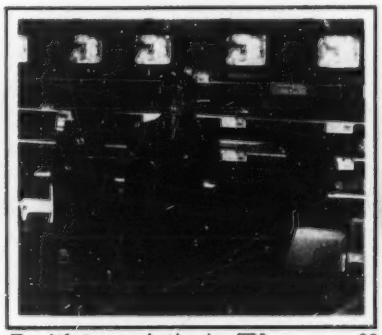

***Zenith to** revolutionize TVs 23*

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Consumers want to buy, but when?

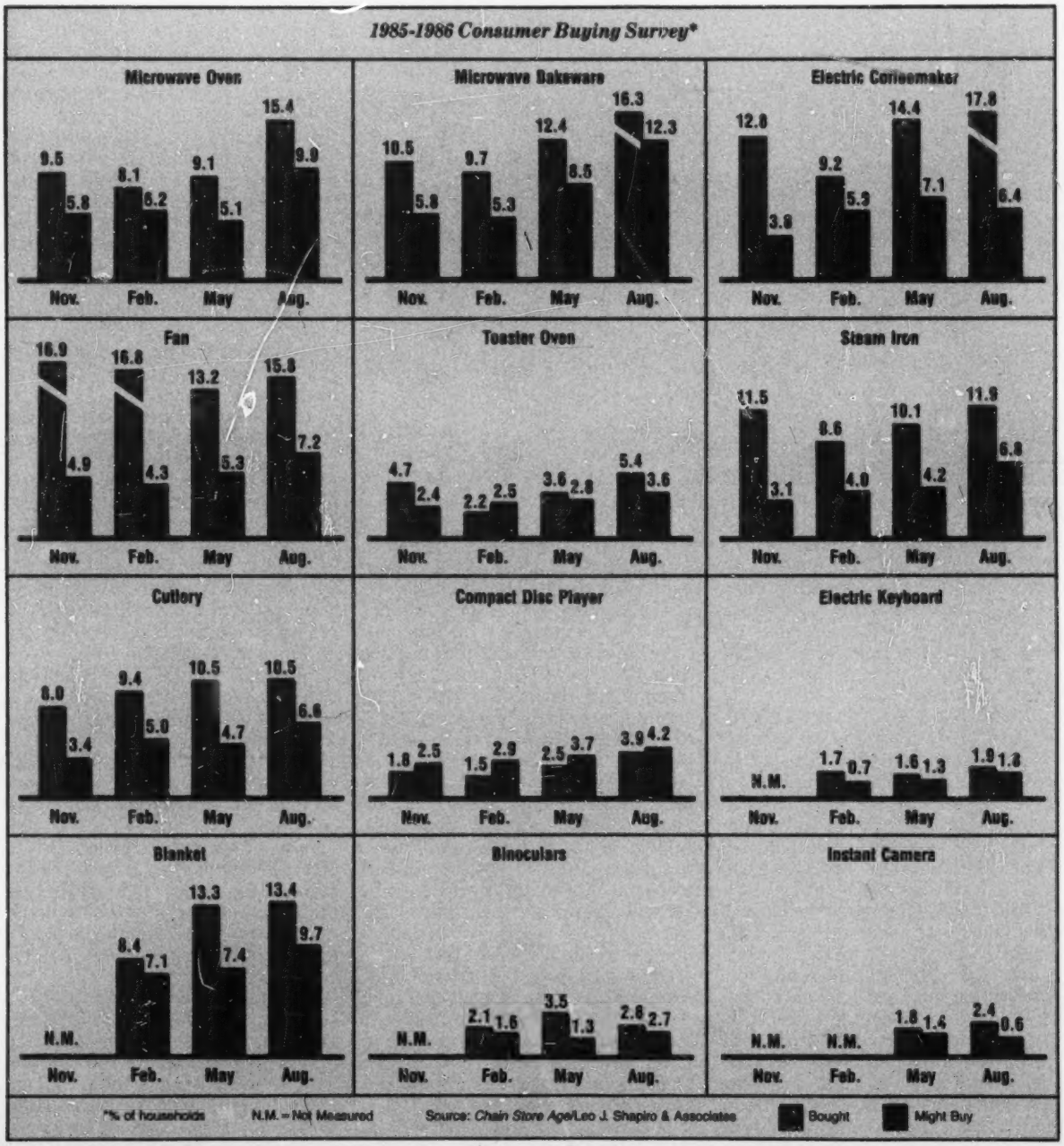
Economists are pulling back their earlier heady predictions for second half growth, citing satisfaction of pent-up consumer demand left over from the last recession. But *Chain Store Age* MarkeTrends research continues to reveal that customers still have a healthy urge to buy. The only question is when.

Real disposable income gains for the year continue to outpace increases in personal consumption spending. For most of 1986, consumers seem to have been more willing to save or to pay off high debt burdens than they have been to spend.

From the healthy shopping list consumers reveal in the latest *CSA* MarkeTrends survey, once debt levels are reduced to more manageable levels, customers look willing to go on yet another shopping spree. It could come in time for Christmas.

Microwave bakeware, according to this month's survey, tops the consumer's shopping list. The number of households which say they intend to buy cookware for the microwave is running 112% over the figure recorded only nine months ago.

Already, retailers are reporting


1985-1986 Consumer Buying Survey*
Microwave Oven
9.5 5.8 8.1 6.2 9.1 5.1 15.4 9.9
Microwave Bakeware
10.5 5.8 9.7 5.3 12.4 8.5 16.3 12.3
Electric Coffeemaker
12.8 3.8 9.2 5.3 14.4 7.1 17.8 6.4
Fan
16.9 4.9 16.8 4.3 13.2 5.3 15.8 7.2
Toaster Oven
4.7 2.4 2.2 2.5 3.6 2.8 5.4 3.6
Steam Iron
11.5 3.1 8.6 4.0 10.1 4.2 11.9 6.8
Cutlery
8.0 3.4 9.4 5.0 10.5 4.7 10.5 6.6
Compact Disc Player
1.8 2.5 1.5 2.9 2.5 3.7 3.9 4.2
Electric Keyboard
N.M. 1.7 0.7 1.6 1.3 1.9 1.8
Blanket
N.M. 8.4 7.1 13.3 7.4 13.4 9.7
Binoculars
N.M. 2.1 1.6 3.5 1.3 2.8 2.7
Instant Camera
N.M. N.M. 1.8 1.4 2.4 0.6
Nov. Feb. May Aug.
*% of households N.M. = Not Measured Source: Chain Store Age/Leo J. Shapiro & Associates
Bought
Might Buy

***Bakeware buying intentions** are 112% over figures recorded nine months ago.*

that popcorn poppers, bacon racks and turntables are best sellers. As customers begin to use their electronic ovens for more particular cooking chores, customers seem to be turning to items designed specifically for the microwave, and away from the basics.

In cookware, where sales have remained stubbornly flat so far this year, the real excitement is yet to come. Du Pont plans to unleash a fourth quarter advertising blitz for its premium SilverStone Supra nonstick finish. Judging from past Du Pont campaigns, though, sales will not take off until early 1987.

And despite industry predictions that microwaves themselves will dip slightly from last year's record sales, the *CSA* MarkeTrends poll shows that a record 9.9% of households surveyed say they expect to buy an electronic oven within the next 12 months. For now, the market seems to be dominated by the low- and high-end, at the expense of the middle. First time microwave buyers are scouring the low-end, while second time buyers are looking for highly featured models.

The dog days of August, meanwhile, are heating up consumer interest in electric fans. But it is more than just the summer heat that is turning up the sales burner. According to the latest survey, customer intent to buy a fan is running 75% ahead of last August's totals.

While summer may seem an unusual time for customers to think about blankets, an all-time high 9.7% of households surveyed in the August poll report that they intend to buy a blanket in the next year. This compares to the chilly 7.1% who said they expected to buy a blanket in the February poll.

Once the weather turns cold, many retail buyers are placing bets that throw blankets will be the next fashion rage. Those who believe in them are predicting that throw blankets will match the afghan and snug-sack rages of years past.

If the summer's vacation will be photographed, according to the *CSA* MarkeTrends survey, it looks like customers are willing to get back home before they see the pictures. Though Polaroid continues to report good sales for its new Spectra line, a paltry 0.6% of households polled report they expect to buy an instant camera this year.

Binoculars, however, are another question. Though Halley's comet limped over the horizon in early spring, consumer interest in buying binoculars is remaining at relatively high levels. The *CSA* MarkeTrends poll seems to confirm the industry's conventional wisdom that each new "binocular event" raises customer buying to a new plateau from which it does not recede.

In fact, the latest poll shows that 2.7% of households surveyed now report they expect to buy binoculars within the next year. This is a 68% increase over the 1.6% recorded in February, just before prime comet viewing.

The biggest gainer in this month's poll, however, is the compact disc player. In the August survey an all-time high 4.2% of households report that they expect to buy a CD player in the next year.

The research results are all the more astounding, considering the continuing shortage of compact discs themselves. And even though prices for discs have not fallen significantly, the CD player buyer still purchases an average 20 discs within his first year of ownership. At the current rate, the fate of black vinyl records and turntables may be sealed far earlier than even the industry had predicted.

The compact disc player's uptick, though, is not creating similar excitement for other audio categories. According to continuing *CSA* MarkeTrends polling, portable audio will continue to slump, despite efforts to add fashion and color to the category.

Also of uncertain future is the electronic keyboard. August results record 1.8% of households reporting they expect to buy a keyboard in the next 12 months. Though the year's highest reading, it does not yet indicate a clear growth path.

Telephone answering devices, however, are on a clear upswing. Discount stores are beginning to take a bigger chunk of the market, but the best customer for a TAD remains upscale, better educated and professional (see related story). □

EDUCATED CONSUMER READY FOR TELEPHONE

ANSWERERS

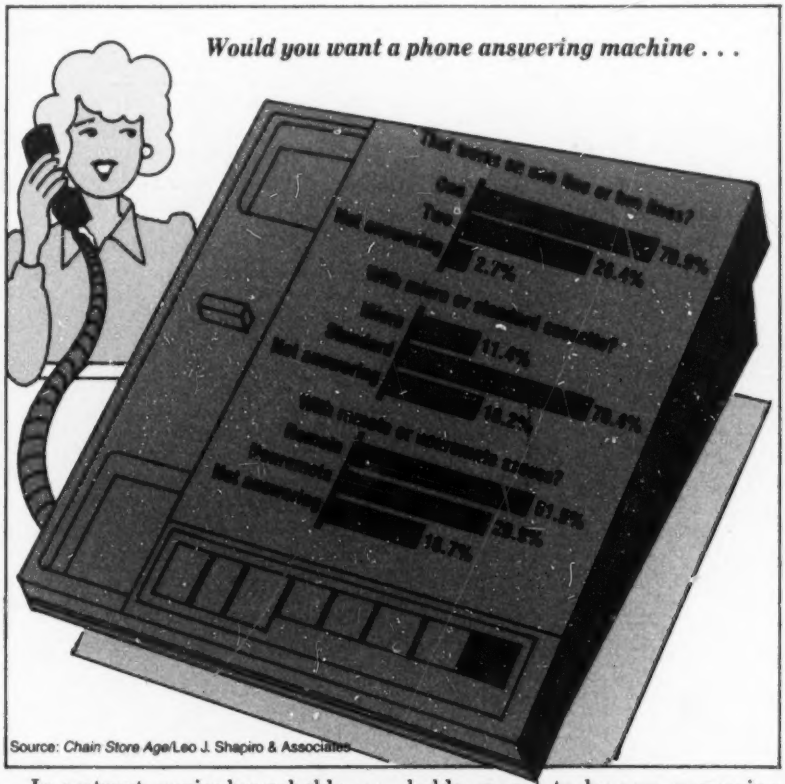
Fifteen million households now report that they will buy a TAD someday, with 4.6 million of those saying they expect to buy them within the next 12 months.

Harold Greene is not yet a household word. No one has ever asked him to film an American Express commercial, and probably no one ever will. Yet if one man is responsible for the surge in consumer buying of telephone answering devices over the last two years, it is Harold Greene—the federal judge who sits over the breakup of AT&T.

The hodgepodge of advertising, of answers to questions from puzzled customers, and of plain old trial and error, which followed AT&T's splitup has resulted in a potential customer base now educated about telecommunications as never before in the 100 year history of the telephone. According to an exclusive *Chain Store Age* MarkeTrends survey, it is this new found customer sophistication—and specific product knowledge—that have been the keys to success for telephone answering devices.

Customers had been slow to get the message about TADs. Though the category scored moderate success for nearly 15 years, sales only took off in 1983, when the industry sold an estimated 2.2 million units. This year, almost double that number—4.1 million units—will sell industrywide. According to the latest *CSA* MarkeTrends reading, 15 million households now report that they will buy a TAD someday, with 4.6 million of those saying they expect to buy within the next 12 months.

The best customer for telephone answerers, according to the survey, is the one who is the most expert about telephones themselves. Expert households, defined as those who already have three or more telephones, account for only 36% of the study sample, but represent 52% of those who say they will buy a TAD.



Source: *Chain Store Age*/Leo J. Shapiro & Associates

In contrast, novice households, or those with only one phone, account for 29% of the sample, but only 18% of those who say they will buy a phone answerer. Informed households (the 35% of the sample with two phones) account for 30% of TAD customers.

Across the board, the expert customer is younger, wealthier, better educated and more likely to hold down a professional job than are either the novice customer or the informed customer. He (and the customer is more likely to be male) also expects more features on a TAD, and is willing to pay more for those features.

While none of the novice households expect to buy an answering device which uses a microcassette instead of a standard cassette, 21% of expert households say they want the smaller cassettes. Novice households are split evenly as to whether or not they want remote access, while 63% of expert households report they want some way to retrieve their messages remotely.

Half of the expert households say they are interested in buying a combination telephone and answering device, compared to only 38% of the novice sample. Both groups, however, agree that adding a telephone onto an answering device should add about $50 onto the price of the unit.

High-end market emerging for phones

"Everybody knows what a phone is and what it does," says Colonial Data Technologies marketing vp Tom Bristovish. But, just as with telephone answering devices, the *CSA* MarkeTrends survey reveals that there are distinctly different telephone customers.

Novice buyers, or those with only one phone currently in their homes, are most likely to say that they want to buy stripped-down, inexpensive telephones. According to the survey, about 1 in 4 of novice customers expects to spend less than $30. Only 6.6% report they will pay $100 or more.

Expert customers, or those who already have three or more phones in their homes, want more feature-packed telephones and are willing to pay for them. In the survey, 16.8% report that they expect to pay $100 or more, while only 9.7% say they will spend less than $30.

"We knew all along that the consumer was getting ready for a more sophisticated phone," says Bristovish, whose company markets a highly featured telephone which sells for $149 through catalogers such as The Sharper Image and DAK. Bristovish says that his customers report using the product's speakerphone and last number redial features with the most frequency.

How much would you spend for a telephone?

	Number of phones already in home		
	One	Two	Three or more
Less than $20	5.8%	3.2%	2.0%
$20-$29.99	16.6	9.1	7.7
$30-$39.99	14.6	13.7	10.9
$40-$49.99	10.2	11.7	15.1
$50-$59.99	11.0	17.5	24.4
$60-$99.99	8.4	16.1	13.4
$100-$119.99	5.2	10.6	10.7
$120 and over	1.4	2.1	5.1
Not answering	26.8	15.8	10.8

Source: *Chain Store Age*/Leo J. Shapiro & Associates

According to the *CSA* MarkeTrends sample, 32.1% of households say that they want automatic redial on their next telephone. But once again, the results differ by the customer's level of sophistication about phones. Only 16.1% of novice buyers expect to buy auto-redial, while 44.8% of the group which already owns three or more phones say that they want the feature.

And expert households are willing to pay more for auto-redial. On the average, expert customers say they would pay a median $20 for automatic redialing. Novice buyers report they would pay only $15 for the feature.

According to the poll, 36% of households have three or more telephones in their homes. An additional 35% report having two phones, and 29% say they have only one telephone.

Not surprisingly, those who expect to buy more highly featured machines generally expect to pay more for them. Half of all expert households say they will spend over $125 for an answering device. Half of novice households, in contrast, say they will pay under $100, while half of informed customers expect to spend between $90 and $150.

With an average household income of $37,000 the expert customer can well afford the answerer he wants. Novice customers, on the other hand, report an average household income of just $21,200, while informed customers bring in an average $26,600 annually.

Expert households are younger, too. About half of expert customers are under 40 years old, while the average age for novice households approaches 50. The average age of respondents in informed households is 45.

Almost 2 out of 5 expert household respondents have either completed college or have some sort of post graduate education. Only 18% of novice households and 24% of the informed sample group report having completed college training.

Though the bulk of the market is still at the top of the line, probably the fastest growing segment of the TAD market is for devices priced at under $100. According to the *CSA* MarkeTrends poll, customers who expect to pay under $100 are looking to buy basic, stripped down products.

By a 9 to 1 ratio, they want standard cassettes, as opposed to microcassettes. By a 4 to 1 vote, they say their answerer need only answer one telephone line. However, they are evenly split as to whether or not the under $100 telephone answering device should have some sort of remote accessing for messages. □

TAD'S message needs clarification

A focus group reveals that many customers are uncertain of the technical jargon used by the industry.

If the members of one Code-A-Phone focus group are representative, potential telephone answering device customers understand the major benefits of a TAD, but think the machines are overpriced. They also reveal themselves as confused about many of the marketing and advertising terms the industry takes for granted.

When the focus group, one of several Code-A-Phone conducted in the San Francisco area during late April, is asked what features a telephone answering device should have, its members tick off a pretty standard list of what's on the market. Answering and screening calls is at the top of their list.

In addition, the group says the machine should record any length message, have automatic shutoff at the end of the caller's message, record at least 10 to 15 messages, and have some sort of remote message playback.

Yet when the group is asked to define the very terms the industry

NOSTALGIA RULES WHEN CONSUMERS SELECT

COOKWARE

Consumers want the pots and pans that Mom used to have, but they also love nonstick. Stainless steel and cast iron win favor, but may fade in the Du Pont ad blitz.

Nostalgia rules when consumers select rangetop cookware. That is among the findings of a recent *Chain Store Age* MarkeTrends survey that took a close look at rangeware, ovenware and bakeware.

Reasons such as, "It's all I ever use," "I already have it," and "I like it" drive top-of-stove choices most often. Heating efficiency and appearance are relatively unimportant.

Vendors have tried to jazz up stovetop utensils with fancy knobs and handles. They have sandwiched metals together and touted even-heating features. But fashion does not stick to pots and pans, and feature-packed cookware has to tangle with price resistance.

Long replacement cycles, plus what one vendor calls "a change in household formation" produced an 8% decline in cookware retail sales last year. Industry figures for the first quarter of 1986 show the downtrend continuing in both units and dollars.

Du Pont will be introducing a new premium nonstick finish, SilverStone Supra, this month. The launch will be heralded by heavy TV and print ads, and Du Pont promises that Supra will heat up cookware.

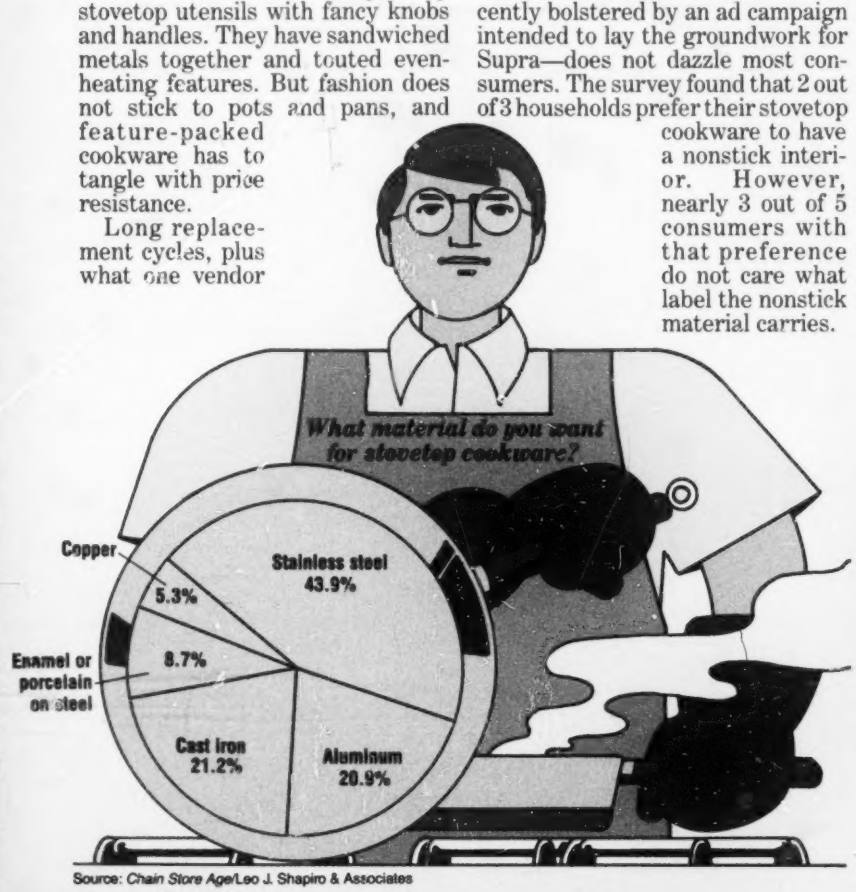
But MarkeTrends research raises some doubts about that. Even the established SilverStone name—recently bolstered by an ad campaign intended to lay the groundwork for Supra—does not dazzle most consumers. The survey found that 2 out of 3 households prefer their stovetop cookware to have a nonstick interior. However, nearly 3 out of 5 consumers with that preference do not care what label the nonstick material carries.

To the minority seeking a particular nonstick brand, SilverStone indeed proved most appealing, pulling 55% of the balloting. Also receiving a smattering of votes was Wear-Ever, which features the SilverStone name prominently on its cookware packaging.

Teflon got one-third the number of mentions received by SilverStone, despite the fact that it is no longer made. Confusion like that has led some retailers to question the impact of Supra. "I don't see it as a panacea," says one department store dmm, who thinks the premium Du Pont finish may catch on—but slowly.

If Supra eventually wins consumer acceptance, it could upset the growing interest in stainless steel detected by MarkeTrends. In the list of materials preferred for stovetop cooking, stainless steel ranked first, chosen by 44% of those polled. Aluminum was the preference of far fewer households: 20.9%.

"A lot of people who prefer stainless have a few pieces of stainless and a lot of aluminum," comments Ken Duncan, vp marketing of Re-



Source: *Chain Store Age*/Leo J. Shapiro & Associates

SilverStone wins slight majority

Do you prefer stovetop cookware with or without a nonstick finish?

With	66.8%
Without	31.8

Do you care what brand or type of nonstick material it is?*

No	39.4%
Yes	23.2
Not Answering	4.2

Which brand or type of nonstick material do you prefer?

SilverStone/DuPont	55.4%
Teflon	20.2
Wear-Ever	2.4
Other	22.0

*Asked of those who prefer nonstick
Source: *Chain Store Age*/Leo J. Shapiro & Associates

vere Ware. According to industry figures, aluminum's marketshare exceeds that controlled by stainless steel, as it has for some years. However, the gap is narrowing.

Duncan has compiled statistics showing that stainless steel's share of market bounced from a low of 29.9% in 1980-81 to a high of 44.6% for the 12 months ended March 1986. Duncan attributes the comeback to cheaper foreign imports. Another factor, he says, is that SilverStone has become "old and established," diminishing interest in aluminum.

The Revere Ware exec observes that, historically, when Du Pont introduces a new nonstick finish, aluminum tends to gain marketshare. Once the product is entrenched, Du Pont eases up on promotion, and aluminum's share recedes.

Du Pont is currently preparing to unleash a Supra ad blitz in the fourth quarter of this year. Duncan expects some lag before it affects the aluminum/stainless balance.

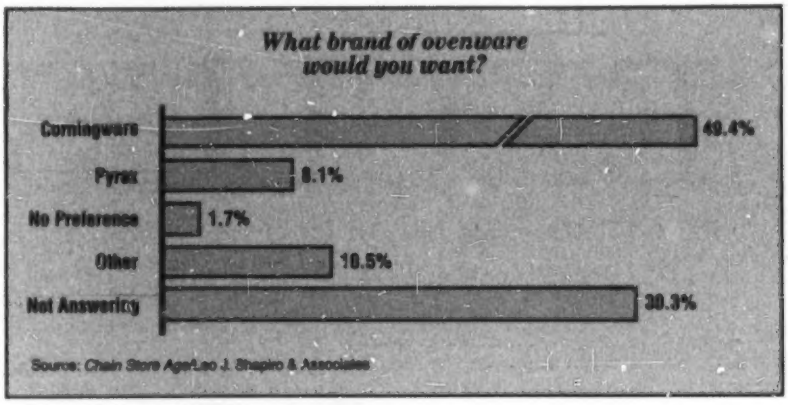
But even now, while SilverStone is old hat, Duncan is surprised that MarkeTrends found so many households preferring stainless. Startling him even more was the discovery that cast iron cookware has a loyal following. Unit shipments of this material are so small that the industry counts cast iron as part of an "all other" category. Yet 1 out of 5 households named it as their material of choice, tying it with aluminum.

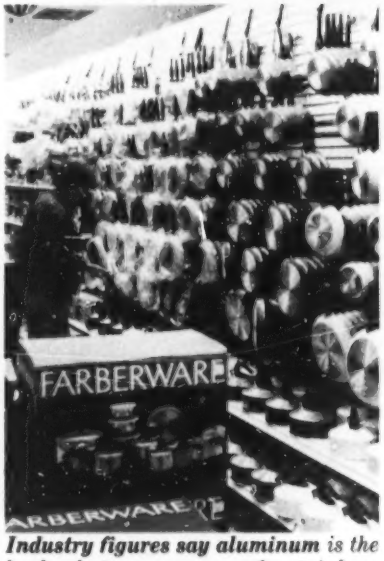
Prone to hot spots and rust, cast iron is considered a dinosaur. Even consumers who prefer it are not likely to characterize their choice as "easier to clean or care for"—the factor most often cited by stainless steel proponents.

Instead, cast iron partisans explained their preference as "more durable," "cooks better," and "heats evenly." Another powerful reason was the nostalgia edge ("it's all I ever use"), mentioned by 22%.

Regionalism played a minor role in the cast iron choice, with nearly 20% of the votes coming from the south central part of the U.S. By comparison, aluminum and stainless steel each earned about 12% of their total tallies from that region.

A dmm for a department store chain with branches in the Deep South does not see a cast iron surge, however. "The only thing that sells is the frypan, and that's been around forever," he says. A Cajun-Creole cooking trend has been connected with a cast iron revival, but this retailer is skeptical.





***Industry figures say aluminum** is the leader, but consumers prefer stainless.*

But Shannon Zwaan, dmm at Dillards Department Stores, plans to go into cast iron "in a big way" this fall. The cookware sells well, particularly in Dillards' Louisiana stores. Zwaan thinks it meshes well with the "country" trend.

Also among the materials preferred for rangetop use were enamel or procelain on steel, reaping 9% of the mentions, and copper with 6%. Corningware and glass got a few citations each.

Consumers are unlikely to care whether their pots and pans are microwaveable. Fifty-nine per cent describe the feature as completely unimportant. However, the small number of consumers preferring Corningware and glass for rangetop use (for which Corningware is not really intended) take a different attitude. Compared with the 11% of all respondents rating microwaveability as very important, 30% of this group do.

Corning also scored a victory inside the oven. The majority of consumers (52%) consider Corningware their favorite ovenware, while clear glass garnered one-quarter of the mentions. Metal ovenware was the choice of 17%, with ceramic, clay and other materials sharing the rest of the responses.

Slightly more than one-third want their ovenware to look good enough to be brought to the table.

Asked about ovenware brand names, Corningware again was the favorite (49%), while Corning's Pyrex scored 8%. Other ovenware brand mentions were scattered over a broad field of names, including Wear-Ever, SilverStone, Farberware, Revere Ware, Anchor Hocking and Club. Except for the Corning products, no brand attained even 2%.

The sample polled included some dedicated bakers who have firm opinions about bakeware. Asked if they ever bake, 64% said yes. Those who bake were mostly likely to do it once a month (24%) or once a week (21%).

Consumers are fairly evenly split on the question of whether they would pay more to get a nonstick surface on bakeware. Fifty-nine per cent of those who bake are willing to spend more, narrowly edging out those who are not. Most set the limit at 29% over regular price.

Although Corningware is not meant for cakes and cookies, it was the bakeware brand of preference for 22%. Ekco and its Baker's Secret imprint together scored nearly 15%. Club was the favorite of 2.2% while a host of other brands got mentions falling short of 2%. □

COMMUNICATION COULD HELP MOVE

BED LINENS

Shoppers are befuddled about thread count. With intention to buy sheets and cases high, retailers could prompt trade-ups through consumer education.

When it comes to sheets and pillowcases, retailers and mills have plenty of explaining to do. recent *Chain Store Age*/MarkeTrends survey found that consumers are acutely interested in buying bedding. However, they are unclear about an important selling point: thread count.

Another area of confusion concerns no-iron 100% cotton sheets. A majority of survey respondents did not know whether no-iron cottons were available. But three out of five households said they would prefer them over other fabrics if such a thing existed.

High interest like that is good news for the stores and vendors that have been offering no-iron cottons for quite some time now. The bad news is that so many consumers think they are something out of science fiction.

Communication—in the form of ads, packaging and signing—could help retrieve missed opportunities. Abraham & Straus, for example, devotes a freestanding sign in its domestics department to a full explanation of thread count. That is a wise move, since terms like "percale," "Type 180," and "Type 200" are supposed to prompt consumer trade up. Instead, they may be puzzling.

Now would be a good time to launch an educational effort. MarkeTrends results indicate that the market for bed linens is hot. Nearly one out of three households plans a purchase of sheets or cases in the next 12 months. Of those who do not, 56% did not buy bed linens in the past year either. As their old sheets become tiresome or worn, they may end up shopping after all.

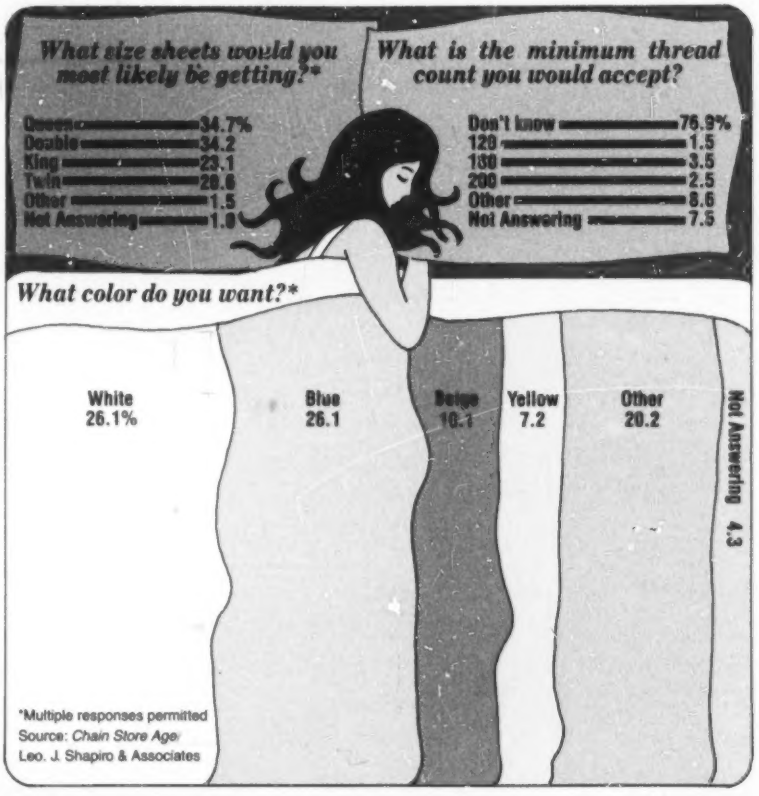
Prints have more appeal than solids, almost two to one. Asked what fabric they prefer, 58% of the households with buying intentions said they wanted a cotton/synthetic blend. However, 100% cotton also made a strong showing, chosen by 38%.

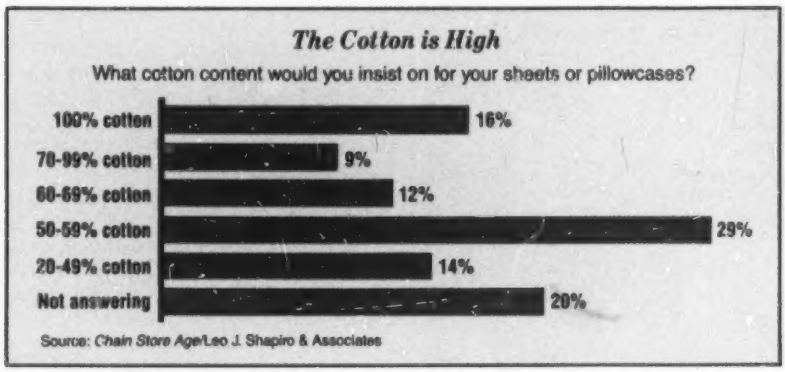
The question about fabric was asked again, with consumers given the traditional choice of no-iron all-cotton (55% said they did not know whether these were actually available). This time, the answers were different. Nearly 60% said they would choose 100% cotton no-irons over all other options.

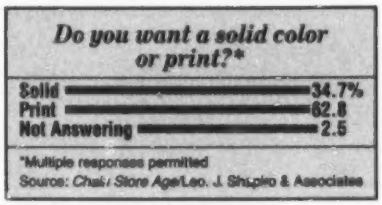
The stiff "hand" and questionable endurance of no-iron finishes have gotten some bad raps from consumers and retailers. Those problems may need to be addressed, but the first step would be heightening awareness of the goods' availability.

Even consumers shopping for a blend want high cotton content. When questioned about the minimum percentage of cotton they would accept, consumers most frequently answered within the range of 50% to 69% cotton.

Some mass merchants persist in offering 80% polyester 120-count sheets and cases. Yet the survey found that interest in cotton content below 21% is zero. However, one-







fifth of respondents declined to specify a percentage. That irresolute market segment could be swayed by price.

Few consumers were willing to venture specific answers about preferred thread count. More than three out of four said they didn't know the minimal thread count they would accept. Those who gave answers appeared to be guessing, hazarding responses such as 50 and 128. Only 3.5% named 180-count—the important base line that permits a sheet to call itself percale—and a mere 2.5% cited 200-count, the magic number that should signify top of the line.

Flannel sheets registered significant buying intention, with 17% of the prospective shoppers reporting an interest in flannel. The majority (59%) plan to look for flannels in a solid color, and relatively few (15%) want it to be white. Blue drew the largest number of solid-color votes.

Print flannels also made a strong showing. About two out of five households said they would choose them over solids.

Add-on sales of comforters, shams, and dust ruffles, have helped relieve price-promotional pressures in many domestics departments. MarkeTrends found a high level of interest in bedroom coordinates. Nearly 41% of consumers want their sheets and cases to go with other home furnishings. As expected, comforters were frequently mentioned as coordinate items that consumers intend to buy. More surprisingly, curtains drew almost as many responses. Bedspreads came in third.

As in previous MarkeTrends surveys, Cannon is again the brand of preference, chosen by one out of five potential shoppers. Wamsutta was a distant second, with 5.5% of the mentions. The Sears name was given as the preferred brand by 4%.

Other votes were thinly spread among a wide variety of mill labels, as well as the Penney's and K mart names.

Few (15%) households are interested in designer names on sheets and cases.

About one-third of the households with buying intentions are in the market for juvenile bedding. Nearly 19% prefer children's bedding with a pattern showing a licensed character. Care Bears shambled out first in the list of preferred licenses (19%), followed by Strawberry Shortcake (14%). Sesame Street and Disney tied for fourth place. □

Waterbed owners are more affluent now. But when it comes to sheets, not every retailer is sure that taste levels and price sensitivity have changed.

Can waterbed sheets swim upmarket

Time was, a waterbed owner could only get sheets at a specialty store. The place was likely to be named Cusp of Aquarius, and it probably carried cigarette papers up front, beds and linens in the back.

Sheets tended to be heavy on polyester and sunrise scenes, but the customer did not mind. They were perfect for lying on beneath a black light while a Grateful Dead tune wafted from the stereo.

"That is ancient history," says Chris Burkhardt, president of the National Waterbed Retailers Association. Waterbeds are now a mainstream item, he says, and the specialty retailers have also changed.

"At trade shows there used to be a rule that you had to wear shoes to get in," Burkhardt recalls. Now long hair and bare feet are hardly ever seen.

If they had wanted to, representatives from Springs, J. P. Stevens and Fieldcrest Cannon could have laced on their shoes and attended the most recent Waterbed trade show. All three megamills have joined the Waterbed Manufacturers Association in the past few years.

They are eying a new frontier. Having grown steadily since 1980, the waterbed industry reached $2 billion at wholesale last year. Sheets and related products accounted for 16%.

Growth came with the entry of the soft-sided or "hybrid" flotation mattress. Resembling conventional bedding, it attracted the interest of furniture stores. With it came a new kind of customer. A recent survey by American Marketing Services Inc. profiles the average waterbed owner as a manager or professional, 32.4 years old, with a household income of $33,900.

The talk now is that the late-model customer wants a classier sheet.

Christmas profit crisis brewing?

Sales for the 17 retail companies tracked by *Chain Store Age* were up 9.8% in June—exactly equal to their five-month performance. While many retailers are gearing up for a more robust sales picture in the year's second half, gains may not be as big as many hope, and Christmas holds the potential for still another flurry of overbuying and markdowns.

"Retailers doing merchandise ordering for the upcoming Christmas season based upon this type of optimistic planning," says Economic Perspectives president James Newton, "are courting the same profitability disaster experienced during Christmas, 1984. To do well this year, retailers must recognize economic realities, which suggest *modest* economic growth, rather than pinning their hopes on an economic miracle that is highly unlikely to occur."

The current economic expansion, note many economists, has already overstayed, if not its welcome, at least its expected lifespan. In the postwar era, the average period of economic growth after recession has been 33 months. The current expansion chugged through its 45th month in June.

Overall, says Newton, retail sales adjusted for inflation should increase a modest 3% this year. However, the Delaware, Ohio-based management consultant predicts apparel sales will gain over 4% on an inflation-adjusted basis. Furniture, home improvement and home furnishings, Newton says, will show even greater increases. He predicts favorable fourth quarter results for New England and the South Atlantic states, but weak sales in the East North Central states.

June's sales results, which are all the less impressive since they are compared to one of 1985's weakest months, might be the model for the rest of the year. If so, it looks unlikely that the second half will bring the sales boom so many are hoping for.

For Sears, the nation's largest retailer, June brought its second best monthly comparison of the year. Sales for the U.S. Merchandising Group squeaked up 3.5%. Montgomery Ward, citing strong business for home store merchandise and electronics, reported June volume up 1.8%. J. C. Penney, where comparable-store totals averaged 6.9% for the first five months, underperformed its year-to-date figures with June same-stores gaining only 4.8%.

The month was kinder to the country's second largest retailer. K mart posted sales ahead 8.7% overall, and up 7% on a comparable-store basis.

"The sales achievement during June is encouraging," said K mart chairman Bernard Fauber. "We expect to see sales increases at this rate or greater for the balance of the year."

Department stores, on the other hand, turned in weaker performances. May's department store divisions recorded same store results increasing only 4.5%. For comparison, its Venture stores posted a 12.4% comparable store gain.

The same relationship held true at Dayton Hudson, where department store sales gained 7%, compared to a 9% jump for both Target and Mervyn's.

"Our customers continue to respond well to new fashions and trends in both soft lines and hard lines," said Dayton Hudson chairman/ceo Kenneth Macke. "Despite these encouraging signs, the overall tone of business remains somewhat sluggish. Consumers are continuing to spend very selectively."

No bloom in June, sales up 9.8%

Major chains	% change	June sales* 1986	June sales* 1985	Stores 1986	Stores 1985	5-mo. sales* 1986	5-mo. sales* 1985	% change
Sears[1,2]	+ 3.5	$ 2,456,300	$ 2,372,500	799	796	$10,139,400	$ 9,996,900	+ 1.4
Penney[3]	+ 4.3	1,143,000	1,096,000	1,895	1,992	4,855,000	4,549,000	+ 6.7
Ward[1,3]	+ 1.8	389,000	382,300	292	364	1,564,000	1,584,500	− 1.3
Dayton Hudson	+ 9.5	822,600	751,400	1,201	1,146	3,430,000	3,120,000	+ 9.9
Federated[4]	+ 2.7	720,600	701,800	486	468	3,158,800	3,032,100	+ 4.2
May Dept. Stores	+12.0	486,000	435,000	2,210	1,941	2,066,400	1,857,400	+11.3
Associated Dry Goods	+ 5.2	409,800	389,500	355	340	1,737,000	1,634,000	+ 6.3
Allied Stores	+ 6.4	366,300	344,400	674	616	1,651,000	1,537,500	+ 7.4
Carter Hawley Hale	+ 7.0	360,500	337,000	299	282	1,500,150	1,432,300	+ 4.7
Mercantile	+ 8.1	167,348	154,851	80	79	742,967	687,620	+ 8.0
K mart[1]	+ 8.5	2,223,800	2,050,100	2,183	2,173	9,053,600	8,605,100	+ 5.2
Wal-Mart	+43.3	917,000	640,000	927	779	4,214,000	2,950,000	+42.8
Zayre	+35.1	478,400	354,200	1,024	907	1,945,400	1,468,600	+32.5
Bradlees	+18.0	163,000	138,000	156	132	670,000	526,000	+27.4
Tandy	+20.6	259,996	215,516	N/A	N/A	1,254,453	1,094,185	+14.6
Circuit City	+33.7	63,900	47,800	76	97	283,700	210,400	+34.8
Federated Group	+34.2	40,000	29,800	60	47	157,900	123,900	+27.4
Totals & Averages	+ 9.8	$11,467,544	$10,440,167	—	—	$48,423,720	$44,095,505	+ 9.8

*000 omitted. N.C. = no change. N/A = not available.
[1]Store number for full-line outlets only. [2]Domestic operations only. [3]Continuing operations only. [4]Excludes supermarket sales. [5]Store number for K mart stores only.

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